



TORRENS ENERGY LIMITED

Annual Report

Licence Year 1

24 January 2007 to 23 January 2008

Geothermal Exploration Licences 226, 260 – 262

CONTENTS

Page No.

1 INTRODUCTION 3

2 PERMIT SUMMARY 3

3 REGULATED ACTIVITIES 4

4 COMPLIANCE ISSUES 4

 Licence and Regulatory Compliance 4

 Management System Audits 5

 Report and Data Submissions 5

 Incidents 5

 Threat Prevention 5

5 EXPENDITURE STATEMENT 6

APPENDIX 1 EXPENDITURE STATEMENT 7

1 Introduction

Geothermal Exploration Licence (GEL) 226 was granted on 05 July 2006, for an initial period of 5 years. Torrens Energy Limited was then granted an additional three licences (GELs 260, 261, 262) adjacent to the previous GEL on 24 January 2007. A subsequent variation to the anniversary and work program GEL 226 was requested and authorised, enabling the grouping of GELs 226, 260-262 to form the 1713 km₂ Adelaide Plains project. These licences are located in the northern Adelaide Plains, South Australia.

This report details the work conducted during Year 1 of the Adelaide Plains project, in accordance with Regulation 33 of the Petroleum Act 2000.

2 Permit Summary

For the duration of the licence year, licensees for Geothermal Exploration License (GELs) 260-262 & 226 were:

- *Torrens Energy* 100%

The current work commitments (including all variations) associated with GELs 260-262 & 226 can be seen in Table 1.

Table 1 Current work commitments by licence year

Licence Year	Licence dates	Minimum Work Program
Year 1	24/01/07 – 23/01/08	<ul style="list-style-type: none">• Geological and geophysical review• Infill measurement of up to 3 existing water bores.
Year 2	24/01/08 – 23/01/09	<ul style="list-style-type: none">• Geological and geophysical review
Year 3	24/01/09 – 23/01/10	<ul style="list-style-type: none">• Complete and case 1 fully cored hole to a depth of 400-500 metres.• Geological and geophysical review
Year 4	24/01/10 – 23/01/11	<ul style="list-style-type: none">• Geological and geophysical review
Year 5	24/01/11– 23/01/12	<ul style="list-style-type: none">• Drill one deep well to a depth of 3-4 kilometres.

Licence Year 1 concluded on 23 January 2008. The following table displays the minimum work program (after all variations) and the actual work completed up until the end of the current licence period.

Table 2 Final work program and work completed (as of end of current reporting period) by licence year

Licence Year	Minimum Work Program	Actual Work
Year 1	<ul style="list-style-type: none"> • Geological and geophysical review • Infill measurement of up to 3 existing water bores 	<ul style="list-style-type: none"> • <i>Data and information gathering (geological and geophysical)</i> • <i>Interpretation of existing data</i> • <i>Conductivity analysis of core samples</i> • <i>Heat flow estimates based on data from existing drillholes</i>

License suspensions during the reporting year:

- GEL 226 06/07/2006 – 24/01/2007

3 Regulated Activities

Pursuant to Regulation 33(2)(a) under the Act, an annual report must include:

“a summary of the regulated activities conducted under the licence during the [current reporting] year.”

No regulated activities were undertaken within GELs 260-262 & 226 during Year One.

4 Compliance Issues

Licence and Regulatory Compliance

Pursuant to Regulations 33(2) (b) & (c), an annual report must include:

“a report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives;” and

“a statement concerning any action to rectify non compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of recurrence of any such non-compliances.”

Torrens Energy has complied with the Act and regulations and the license agreement during Year One. There have been no regulated activities undertaken, and therefore no Statements of Environmental Objectives (SEO) have been lodged. No instances of non-compliance with obligations imposed by the Act occurred during Year One.

Management System Audits

Pursuant to Regulation 33(2) (d) under the Act, an annual report must include:

“a summary of any management system audits undertaken during the relevant licence year including information on any failure or deficiency identified by the audit and any corrective actions that has, or will be taken”.

There were no management systems audits undertaken during the reporting year.

Report and Data Submissions

Pursuant to Regulation 33(2) (e) under the Act, an annual report must include:

“a list of all reports and data relevant to the operation of the Act generated by the licensee during the licence year”.

Table 3 List of report and data submissions during current licence reporting year

Description of Report/Data	Date Due	Date Submitted	Compliant / Non-Compliant
Consultant's Report: Thermal Conductivity of Adelaide Geosyncline Core Samples	Jan 2007	Jan 2007	Compliant

Incidents

Pursuant to Regulation 33(2) (f), an annual report must include:

“in relation to any incidents reported to the Minister under the Act and these Regulations during the relevant licence year –

- (i) an overall assessment and analysis of the incidents, including the identification and analysis of any trends that have emerged; and*
- (ii) an overall assessment of the effectiveness of any action taken to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, or to minimise the risk of recurrence of any such non-compliance”.*

Threat Prevention

Pursuant to Regulation 33(2) (g) under the Act, an annual report must include:

“a report on any reasonably foreseeable threats (other than threats previously reported on) that reasonably presents, or may present, a hazard to facilities or activities under the licence, and a report on any corrective action that has, or will be taken”.

No threats to activities under the licences have been identified.

Future Work Program

Pursuant to Regulation 33(2) (h) under the Act, an annual report must include:

“unless the relevant licence year is the last year in which the licence is to remain in force – a statement outlining operations proposed for the ensuing year”.

Torrens Energy expects the following work to be undertaken in the future within these GELs:

1. Drilling

Shallow exploration drilling is intended for the Adelaide Plains Project (GELs 226, 260-262). This would be followed by down-hole temperature logging. Drilling is expected to commence mid-year.

The depth of drilling is intended to be 500-600m. Drill holes would be cored, cased and fitted with a removable cap or gate valve to allow access for post-drilling measurements. Core samples from these holes would be taken for subsequent conductivity analysis.

2. Seismic

A 2D seismic traverse approximately 45km in length is also intended for the Adelaide Plains Project. The timing and location of the survey will depend on data collected from the shallow drilling programme.

5 Expenditure Statement

Pursuant to Regulation 33(3) under the Act, an annual report must contain:

“An annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year, showing expenditure under each of the following headings:

- a) drilling activities;*
- b) seismic activities;*
- c) technical evaluation and analysis;*
- d) other surveys;*
- e) facility construction and modification;*
- f) operating and administration expenses (not already covered under another heading)”.*

Please refer to Appendix 1 for the expenditure statement for the current reporting period.

APPENDIX 1 Expenditure Statement

Commercial in Confidence